

Ameritech Illinois  
Performance Remedy Plan Proposal  
Description

This Performance Remedy Plan sets forth the terms and conditions under which Illinois Bell Telephone Company ("Ameritech Illinois" or "Ameritech") will report performance to CLEC and compare that performance to Ameritech's own performance or benchmark criteria, whichever is applicable. This document further provides for enforcement through liquidated damages and assessments.

- 1.0 Ameritech agrees to provide CLEC a monthly report of performance for the performance measures listed in Appendix 1. Ameritech will collect, analyze, and report performance data for these measures in accordance with Ameritech's Performance Measurement Business Rules, as presented to the Illinois Commerce Commission for approval by the Joint Petition in Ill. C.C. Docket No. 01-0120. Both the performance measures and the business rules are subject to modification in accordance with section 6.4 below regarding six month reviews. Ameritech further agrees to use this two-tiered enforcement structure for performance measurements provided for in this document. Appendix 1 hereto identifies the measurements that belong to Tier-1 (payable to CLECs) or Tier-2 (payable to the state) categories, which are further identified as the High, Low and Medium groups as those terms are used below.
- 1.1 Ameritech will not levy a separate charge for provision of the data to CLEC called for under this document. Upon CLEC's request, data files of CLEC's raw data, or any subset thereof, will be transmitted to CLEC. If CLEC's request is transmitted to Ameritech on or before the last day of the month for which data is sought, Ameritech shall provide the data to CLEC on or before the 20<sup>th</sup> day of the month pursuant to mutually acceptable format, protocol, and transmission media. If CLEC's request is transmitted to Ameritech after the last day of the month for which data is sought, Ameritech shall provide the data to CLEC within 20 days of receipt pursuant to mutually acceptable format, protocol, and transmission media. Notwithstanding other provisions of this Agreement, the Parties agree that such records will be deemed Proprietary Information.
- 2.0 Ameritech will use a statistical test, namely the modified "Z-test," for evaluating the difference between two means (Ameritech and CLEC) or percentages, or the difference between two ratios for purposes of this document. Ameritech agrees to use the modified Z-tests as outlined below as the statistical tests for the determination of parity when the results for Ameritech and the CLEC are compared. The modified Z-tests are applicable if the number of data points are greater than or equal to 30 for a given disaggregation category. In cases where benchmarks are established, the determination of compliance is through a test which compares the measured performance delivered to the CLEC and the applicable benchmark. For testing compliance for measures for which the number of data points are 29 or less, the use of permutation tests as outlined below may be used.
- 3.0 For purposes of this document, performance for the CLEC on a particular sub-measure (disaggregated level) will be considered in compliance with the parity requirement when

the measured results in a single month (whether in the form of means, percents, or ratios) for the same sub-measurement, at equivalent disaggregation, for both Ameritech and CLEC are used to calculate a Z-test statistic and the resulting value is no greater than the critical Z-value as reflected in the Critical Z-statistic table shown below.

### Z-Test:

Ameritech will utilize the following formulae for determining parity using Z-Test:

For Measurement results that are expressed as Averages or Means:

$$Z = (\text{DIFF}) / \sigma_{\text{DIFF}}$$

Where;

$$\text{DIFF} = M_{\text{ILEC}} - M_{\text{CLEC}}$$

$$M_{\text{ILEC}} = \text{ILEC Average}$$

$$M_{\text{CLEC}} = \text{CLEC Average}$$

$$\sigma_{\text{DIFF}} = \text{SQRT} [\sigma_{\text{ILEC}}^2 (1/n_{\text{CLEC}} + 1/n_{\text{ILEC}})]$$

$$\sigma_{\text{ILEC}}^2 = \text{Calculated variance for ILEC.}$$

$$n_{\text{ILEC}} = \text{number of observations or samples used in ILEC measurement}$$

$$n_{\text{CLEC}} = \text{number of observations or samples used in CLEC measurement}$$

For Measurement results that are expressed as Percentages or Proportions:

### Step 1:

$$\rho = \frac{(n_{\text{ILEC}} P_{\text{ILEC}} + n_{\text{CLEC}} P_{\text{CLEC}})}{n_{\text{ILEC}} + n_{\text{CLEC}}}$$

### Step 2:

$$\sigma_{\text{PILEC-PCLEC}} = \text{sqrt} [[\rho(1-\rho)]/n_{\text{ILEC}} + [\rho(1-\rho)]/n_{\text{CLEC}}]$$

### Step 3:

$$Z = (P_{\text{ILEC}} - P_{\text{CLEC}}) / \sigma_{\text{PILEC-PCLEC}}$$

Where: n = Number of Observations

P = Percentage or Proportion

For Measurement results that are expressed as Rates or Ratios:

$$Z = (\text{DIFF}) / \sigma_{\text{DIFF}}$$

Where;

$$\text{DIFF} = R_{\text{ILEC}} - R_{\text{CLEC}}$$

$$R_{\text{ILEC}} = \text{num}_{\text{ILEC}} / \text{denom}_{\text{ILEC}}$$

$$R_{\text{CLEC}} = \text{num}_{\text{CLEC}} / \text{denom}_{\text{CLEC}}$$

$\sigma_{DIFF} =$

$$\text{SQRT } \{[(\text{num}_{ILEC} + \text{num}_{CLEC})/(\text{denom}_{ILEC} + \text{denom}_{CLEC})] * (1/\text{denom}_{CLEC} + 1/\text{denom}_{ILEC})\}$$

#### 4.0 Qualifications to use Z-Test:

The proposed Z- tests are applicable to reported measurements that contain 30 or more data points.

The minimum sample size for Tier 2 is 10 observations for the aggregate of all CLECs. Sub-measures in Tier 2 with fewer than 10 observations do not have statistical tests conducted on them.

In calculating the difference between the performances, the formula proposed above applies when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance the order of subtraction should be reversed ( i.e.,  $M_{CLEC} - M_{ILEC}$ ,  $P_{CLEC} - P_{ILEC}$ ,  $R_{CLEC} - R_{ILEC}$ ).

For measurements where the applicable performance criterion is a benchmark rather than parity performance, compliance will be determined by setting the denominator of the Z-test formula as one in calculating the Z-statistic. For measures expressed as percentages, this number will be multiplied by a factor of 100.

For measurements where the performance delivered to the CLEC is compared to Ameritech performance and for which the number of data points are 29 or less for either the CLEC or Ameritech, Ameritech will apply the following alternatives for compliance.

##### 4.1 Alternative 1:

Ameritech applies the Z Test as described in section 3.0.

##### 4.2 Alternative 2:

For Percentages, the Fisher Exact Permutation Test will be used.

For Averages and Ratios, the following Permutation analysis will be applied to calculate the z-statistic using the following logic:

- (1) Choose a sufficiently large number T.
- (2) Pool and mix the CLEC and ILEC data sets
- (3) Randomly subdivide the pooled data sets into two pools, one the same size as the original CLEC data set ( $n_{CLEC}$ ) and one reflecting the remaining data points, (which is equal to the size of the original ILEC data set or  $n_{ILEC}$ ).

- (4) Compute and store the Z-test score ( $Z_S$ ) for this sample.
- (5) Repeat steps 3 and 4 for the remaining T-1 sample pairs to be analyzed. (If the number of possibilities is less than 1 million, include a programmatic check to prevent drawing the same pair of samples more than once).
- (6) Order the  $Z_S$  results computed and stored in step 4 from lowest to highest.
- (7) Compute the Z-test score for the original two data sets and find its rank in the ordering determined in step 6.
- (8) To calculate P, divide the rank of the Z-test score as determined in step 7 by the number of total runs executed. ( $P = \text{rank}/T$ ).
- (9) Using a cumulative standard normal distribution table, find the value  $Z_A$  such that the probability (or cumulative area under the standard normal curve) is equal to P calculated in step 8.

Compare  $Z_A$  with the desired critical value as determined from the critical Z table. If  $Z_A >$  the designated critical Z-value in the table, then the performance is non-compliant.

#### 4.3 Alternative 3

The performance delivered to the CLEC is compared to the ILEC performance plus the critical Z-Value.

- 4.4 Ameritech and CLECs will provide software and technical support as needed by Commission Staff for purposes of utilizing the permutation analysis. Any CLEC who opts into this plan agrees to share in providing such support to Commission Staff.

#### 5.0 Overview of Enforcement Structure

- 5.1 Ameritech agrees with the following methodology for developing the liquidated damages and penalty assessment structure for Tier-1 liquidated damages and Tier-2 Assessments:
- 5.2 Ameritech will pay Liquidated Damages to the CLEC according to the terms set forth in this document.
- 5.3 Liquidated damages apply to Tier-1 measurements identified as High, Medium, or Low on Appendix 1.
- 5.4 Assessments are applicable to Tier-2 measures identified as High, Medium, or Low on Appendix 1 and are payable to the Illinois State Treasury.
- 5.5 Ameritech will not be liable for the payment of either Tier-1 damages or Tier-2 Assessments until the Commission approves an Interconnection Agreement (or an Interconnection Agreement amendment) between a CLEC and Ameritech referencing

this plan. Tier-2 Assessments will be paid on the aggregate performance for all CLECs that are operating in Illinois, unless the CLEC has a payment plan that is not comparable to that in Tier 1 of this Performance Remedy Plan. For purposes of this paragraph, a payment plan that is not comparable to that in Tier 1 of this document is a plan that provides for a separate set of payments relating to performance on specified competition-affecting measures, over and above (or without) liquidated damages payments that are calculated in a fashion analogous to the method of calculation used in Tier 1 of this plan. Ameritech agrees that all payment plans in interconnection agreements approved by the Illinois Commerce Commission as of August 15, 2000, are comparable to Tier 1 of this document under this standard.

## **6.0 Procedural Safeguards and Exclusions**

- 6.1 Ameritech agrees that the application of the assessments and damages provided for herein is not intended to foreclose other noncontractual legal and regulatory claims and remedies that may be available to a CLEC. By incorporating these liquidated damages terms into an interconnection agreement, Ameritech and CLEC agree that proof of damages from any "noncompliant" performance measure would be difficult to ascertain and, therefore, liquidated damages are a reasonable approximation of any contractual damage resulting from a non-compliant performance measure. Ameritech and CLEC further agree that liquidated damages payable under this provision are not intended to be a penalty.
- 6.2 Ameritech's agreement to implement these enforcement terms, and specifically its agreement to pay any "liquidated damages" or "Assessments" hereunder, will not be considered as an admission against interest or an admission of liability in any legal, regulatory, or other proceeding relating to the same performance. Ameritech and CLEC agree that CLEC may not use: (1) the existence of this enforcement plan; or (2) Ameritech's payment of Tier-1 "liquidated damages" or Tier-2 "Assessments" as evidence that Ameritech has discriminated in the provision of any facilities or services under Sections 251 or 252, or has violated any state or federal law or regulation. Ameritech's conduct underlying its performance measures, and the performance data provided under the performance measures, however, are not made inadmissible by these terms. Any CLEC accepting this performance remedy plan agrees that Ameritech's performance with respect to this remedy plan may not be used as an admission of liability or culpability for a violation of any state or federal law or regulation. Further, any liquidated damages payment by Ameritech under these provisions is not hereby made inadmissible in any proceeding relating to the same conduct where Ameritech seeks to offset the payment against any other damages a CLEC might recover; whether or not the nature of damages sought by the CLEC is such that an offset is appropriate will be determined in the related proceeding. The terms of this paragraph do not apply to any proceeding before the Commission or the FCC to determine whether Ameritech has met or continues to meet the requirements of section 271 of the Act.
- 6.3 Ameritech shall not be liable for both Tier-2 "Assessments" and any other assessments or sanctions under the Commission's service quality rules relating to the same performance.

- 6.4 Every six months, CLEC may participate with Ameritech, other CLECs, and Commission representatives to review the performance measures to determine whether measurements should be added, deleted, or modified; whether the applicable benchmark standards should be modified or replaced by parity standards; and whether to move a classification of a measure to High, Medium, Low, Diagnostic, Tier-1 or Tier-2. The criterion for reclassification of a measure shall be whether the actual volume of data points was lesser or greater than anticipated. Criteria for review of performance measures, other than for possible reclassification, shall be whether there exists an omission or failure to capture intended performance, and whether there is duplication of another measurement. Performance measures for 911 may be examined at any six month review to determine whether they should be reclassified. The first six-month period will begin in a timeframe as recommended by the Performance Measure Collaborative and approved by the Commission. Any changes to existing performance measures and this remedy plan shall be by mutual agreement of the parties and, if necessary, with respect to new measures and their appropriate classification, by arbitration. The current measurements and benchmarks will be in effect until modified hereunder or expiration of the interconnection agreement.
- 6.5 Ameritech and CLEC acknowledge that no later than two years after Ameritech or its affiliate receives Section 271 relief, the Commission's intention is to reduce the number of performance measures subject to damages and assessments by 50% to the extent there is a smaller number of measures that truly do capture all of the issues that are competition-affecting and customer-affecting.
- 6.6 CLEC and Ameritech will consult with one another and attempt in good faith to resolve any issues regarding the accuracy or integrity of data collected, generated, and reported pursuant to this document. In the event that CLEC requests such consultation and the issues raised by CLEC have not been resolved within 45 days after CLEC's request for consultation, then Ameritech will allow CLEC to have an independent audit conducted, at CLEC's expense, of Ameritech's performance measurement data collection, computing, and reporting processes. In the event the subsequent audit reinforces the problem identified during the 45 days of consultation period or if any new problem is identified, Ameritech shall reimburse a CLEC any expense incurred by the CLEC for such audit. CLEC may not request more than one audit per twelve calendar months under this section. This section does not modify CLEC's audit rights under other provisions of this Agreement or under the Commission's Orders. Ameritech agrees to inform all CLECs of any problem identified during the audit initiated by any CLEC.

## 7.0 Exclusions Limited

- 7.1 Ameritech shall not be obligated to pay liquidated damages or assessments for noncompliance with a performance measurement if, but only to the extent that, such noncompliance was the result of any of the following: a Force Majeure event; an act or omission by a CLEC that is contrary to any of its obligations under its interconnection agreement with Ameritech or under the Act or Illinois law; or non-Ameritech problems associated with third-party systems or equipment, which could not have been avoided by Ameritech in the exercise of reasonable diligence, provided, however, the third party exclusion will not be raised more than three times within a calendar year. Ameritech will not be excused from payment of liquidated damages or assessments on any other grounds, except by application of the procedural threshold provided for below. Any dispute regarding whether an Ameritech performance failure is excused under this paragraph will be resolved with the Commission through a dispute resolution proceeding under its Procedural Rules or, if the parties agree, through commercial arbitration with the American Arbitration Association. Ameritech will have the burden in any such proceeding to demonstrate that its noncompliance with the performance measurement was excused on one of the grounds set forth in this paragraph. If a Force Majeure event or other excusing event recognized in the first sentence of this section 7.1 only suspends Ameritech's ability to timely perform an activity subject to performance measurement, the applicable time frame in which Ameritech's compliance with the parity or benchmark criterion is measured will be extended on an hour-for-hour or day-for-day basis, as applicable, equal to the duration of the excusing event.
- 7.2 In addition to the provisions set forth herein, Ameritech shall not be obligated to pay liquidated damages or assessments for noncompliance with a performance measure if the Commission finds such noncompliance was the result of an act or omission by a CLEC that is in bad faith, for example, unreasonably holding orders and/or applications and "dumping" such orders or applications in unreasonably large batches, at or near the close of a business day, on a Friday evening or prior to a holiday, or unreasonably failing to timely provide forecasts to Ameritech for services or facilities when such forecasts are required to reasonably provide such services or facilities; or non-Ameritech Y2K problems.
- 7.3 Ameritech Illinois and CLEC agree that a maximum annual cap of \$361.45 million will apply to the aggregate total of any Tier-1 liquidated damages (including any such damages paid pursuant to this Agreement or to any other Illinois interconnection agreement with a CLEC) and Tier-2 Assessments or voluntary payments made by Ameritech pursuant to any Illinois interconnection agreement with a performance remedy plan. The annual cap amounts will be determined by Ameritech, based on the formula of 36% of Net Return as set forth at ¶ 436 and footnote 1332 of the FCC's December 22, 1999 Memorandum Opinion and Order in CC Docket No. 99-295. Once the annual cap is established, a monthly cap will be determined by dividing the amount of the annual cap by twelve. CLEC further acknowledges that a maximum monthly cap of \$ 30.12 million (\$361.45 million ÷ 12) for Tier-1 liquidated damages will apply to all performance

payments made by Ameritech under all Ameritech Illinois interconnection agreements and tariffs. To the extent in any given month the monthly cap is not reached, the subsequent month's cap will be increased by an amount equal to the unpaid portion of the previous month's cap. At the end of the year, if the aggregate total of Tier-1 liquidated damages and Tier-2 Assessments under all Ameritech Illinois interconnection agreements equals or exceeds the annual cap, but Ameritech has paid less than that amount due to the monthly cap, Ameritech shall be required to pay an amount equal to the difference between the annual cap and the amount paid. In such event, Tier-1 liquidated damages shall be paid first on a pro rata basis to CLECs, and any remainder within the annual cap shall be paid as a Tier-2 Assessment. In the event the total calculated amount of damages and assessments for the year is less than the annual cap, Ameritech shall be obligated to pay ONLY the actual calculated amount of damages and Assessments. The annual cap shall be re-calculated on the first business day of the calendar year that updated ARMIS data is made publicly available. For purposes of applying the cap, the calendar year shall apply.

- 7.3.1 Whenever Ameritech Tier-1 payments to an individual CLEC in a given month exceed \$3.76 million (threshold amount), or the Tier-1 payments to all CLECs in a given month exceed the monthly cap, then Ameritech may commence a show cause proceeding as provided for below. Upon timely commencement of the show cause proceeding, Ameritech must pay the balance of damages owed in excess of the threshold amount into escrow, to be held by a third party pending the outcome of the show cause proceeding. To invoke these escrow provisions, Ameritech must file with the Commission, not later than the due date of the affected damages payments, an application to show cause why it should not be required to pay any amount in excess of the procedural threshold. Ameritech's application will be processed in an expedited manner under the process set forth in its Procedural Rules. Ameritech will have the burden of proof to demonstrate why, under the circumstances, it would be unjust to require it to pay liquidated damages in excess of the applicable threshold amount. If Ameritech reports non-compliant performance to a CLEC for three consecutive months on 20% or more of the measures reported to the CLEC, but Ameritech has incurred no more than \$1.25 million in liquidated damages obligations to the CLEC for that period under the enforcement terms set out here, then the CLEC may commence an expedited dispute resolution under this paragraph pursuant to Illinois Commerce Commission Procedural Rules. In any such proceeding the CLEC will have the burden of proof to demonstrate why, under the circumstances, justice requires Ameritech to pay damages in excess of the amount calculated under these enforcement terms.
- 7.3.2 Ameritech should post on its Internet website the aggregate payments of any liquidated damages or Assessments.
- 7.4 With respect to any interconnection agreement, Ameritech and any CLEC may request two expedited dispute resolution proceedings pursuant to the two preceding paragraphs before the Commission or, if the parties agree, through commercial arbitration with the American Arbitration Association (AAA); during the term of the contract without having



to pay attorneys' fees to the winning company. For the third proceeding and thereafter, the requesting party must pay attorneys' fees, as determined by the Commission or AAA, if that party loses.

- 7.5 In the event the aggregate total of Tier-1 damages and Tier-2 Assessments under all Ameritech Illinois interconnection agreements reaches the annual cap within a given year and Ameritech continues to deliver non-compliant performance during the same year to any CLEC or all CLECs, the Commission may recommend to the FCC that Ameritech should cease offering in-region interLATA services to new customers.

**8.0 Tier-1 Damages Payable to CLECs:**

Tier-1 liquidated damages apply to measures designated in Appendix 1 as High, Medium, or Low when Ameritech delivers "non-compliant" performance as defined above.

- 8.1 Under the damages for Tier-1 measures, the number of sub-measures that may be classified as "non-compliant" before a liquidated damage is applicable is limited to the K values shown below. The applicable K value is determined based upon the total number of measures with a sample size of 10 or greater that are required to be reported to a CLEC where a sufficient number of observations exist in the month to permit parity conclusions regarding a compliant or non-compliant condition. Measures that are not eligible for remedy payments are not included when determining the applicable K value. For any performance measurement, each disaggregated category for which there are a minimum of 10 data points constitutes one "measure" for purposes of calculating K value.
- 8.2 Liquidated damages in the amount specified in the table below apply to all "non-compliant" sub-measures in excess of the applicable "K" number of exempt sub-measures. Liquidated damages apply on a per occurrence basis, using the amount per occurrence taken from the table below, based on the designation of the measure as High, Medium, or Low in Appendix 1 and the number of consecutive months for which Ameritech has reported noncompliance for the sub-measure. For those measures listed on Appendix 3 as "Measurements that are subject to per occurrence damages or assessments with a cap," the amount of liquidated damages in a single month for a disaggregation category shall not exceed the amount listed in the table below for the "Per measurement" category. For those measures listed on Appendix 3 as "Measurements that are subject to per measure damages or assessment," liquidated damages will apply on a per disaggregation category basis, at the amounts set forth in the table below. The methodology for determining the order of exclusion, and the number of occurrences is addressed in "Methods of calculating the liquidated damages and penalty amounts," below.

## LIQUIDATED DAMAGES TABLE FOR TIER-1 MEASURES

Per occurrence						
Measurement Group	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6 and each following month
High	\$150	\$250	\$500	\$600	\$700	\$800
Medium	\$75	\$150	\$300	\$400	\$500	\$600
Low	\$25	\$50	\$100	\$200	\$300	\$400

Per Measure/Cap*						
Measurement Group	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6 and each following month
High	\$25,000	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000
Medium	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000
Low	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000

## ASSESSMENT TABLE FOR TIER-2 MEASURES

Per occurrence

Measurement Group	
High	\$500
Medium	\$300
Low	\$200

Per Measure/Cap\*

Measurement Group	
High	\$75,000
Medium	\$30,000
Low	\$20,000

\* For per occurrence with cap measures, the occurrence value is taken from the per occurrence table, subject to the per measure with cap amount.

**9.0 Tier-2 Assessments to the State:**

- 9.1 Assessments payable to the Illinois State Treasury apply to the Tier-2 measures designated on Appendix 1 as High, Medium, or Low when Ameritech performance is out of parity or does not meet the benchmarks for the aggregate of all CLEC data. Specifically, if the Z-test value is greater than the Critical Z, the performance for the reporting category is out of parity or below standard. Assessments will be paid when the aggregate of all CLECs has at least 10 observations.
- 9.2 For those measurements where a per occurrence assessment applies, an Assessment as specified in the Assessment Table for each occurrence is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, shown in the table below, for three consecutive months. For those Measurements listed in Appendix 3 as measurements subject to per occurrence with a cap, an assessment as shown in the Assessment Table above for each occurrence with the applicable cap is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, shown in the table below, for three consecutive months. For those Tier-2 Measurements listed in Appendix 3 as subject to a per measurement assessment, an assessment amount as shown in the Assessment Table above is payable to the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, shown in the table below, for three consecutive months.
- 9.3 The following table will be used for determining the Critical Z-value for each sub-measure, as well as the K values referred to below based on the total number of sub-measures that are applicable to a CLEC in a particular month. The Critical Z-value for Tier 2 will be calculated in the same manner as for Tier 1.<sup>1</sup>

Critical Z - Statistic Table

Number of Performance Measures	K Values	Critical Z-value
1	0	1.65
2	0	1.96
3	0	2.12
4	0	2.23
5	0	2.32
6	0	2.39
7	0	2.44
8	1	1.69
9	1	1.74
10-19	1	1.79
20-29	2	1.73

<sup>1</sup> This sentence is added to clarify the manner in which Critical-Z value is calculated.

30-39	3	1.68
40-49	3	1.81
50-59	4	1.75
60-69	5	1.7
70-79	6	1.68
80-89	6	1.74
90-99	7	1.71
100-109	8	1.68
110-119	9	1.7
120-139	10	1.72
140-159	12	1.68
160-179	13	1.69
180-199	14	1.7
200-249	17	1.7
250-299	20	1.7
300-399	26	1.7
400-499	32	1.7
500-599	38	1.72
600-699	44	1.72
700-799	49	1.73
800-899	55	1.75
900-999	60	1.77
1000 and above	Calculated for Type-1 Error Probability of 5%	Calculated for Type-1 Error Probability of 5%

#### 10.0 General Assessments:

- 10.1 If Ameritech fails to submit performance reports by the 20th day of the month, the following assessments apply unless excused for good cause by the Commission:

If no reports are filed, \$5,000 per day past due;

If incomplete reports are filed, \$1,000 per day for each missing performance result.

- 10.2 If Ameritech alters previously reported data to a CLEC, and after discussions with Ameritech the CLEC disputes such alterations, then the CLEC may ask the Commission to review the submissions and the Commission may take appropriate action. This does not apply to the limitation stated under the section titled "Exclusions Limited."
- 10.3 When Ameritech performance creates an obligation to pay liquidated damages to a CLEC or an Assessment to the State under the terms set forth herein, Ameritech shall make payment in the required amount on or before the 30<sup>th</sup> day following the due date of the performance measurement report for the month in which the obligation arose (e.g., if Ameritech performance through March is such that Ameritech owes liquidated damages

to CLECs for March performance, or Assessments to the State for January – March performance, then those payments will be due May 20, 30 days after the April 20 due date for reporting March data). For each day after the due date that Ameritech fails to pay the required amount, Ameritech will pay interest to the CLEC at the maximum rate permitted by law for a past due liquidated damages obligation and will pay an additional \$3,000 per day to the Illinois State Treasury for a past due Assessment.

- 10.4 Ameritech may not withhold payment of liquidated damages to a CLEC, for any amount up to \$3,760,000 a month, unless Ameritech had commenced an expedited dispute resolution proceeding on or before the payment due date, asserting one of the three permitted grounds for excusing a damages payment below the procedural threshold (Force Majeure, CLEC fault, and non-Ameritech problems associated with third-party systems or equipment). In order to invoke the procedural threshold provisions allowing for escrow of damages obligations in excess of \$3,760,000 to a single CLEC (or \$30,120,000 to all CLECs), Ameritech must pay the threshold amount to the CLEC(s), pay the balance into escrow, and commence the show cause proceeding on or before the payment due date.
- 10.5 CLEC will have access to monthly reports on performance measures and business rules through an Internet website that includes individual CLEC data, aggregate CLEC data, and Ameritech's data.
- 10.6 The cap provided in Section 7.3 does not apply to assessments under Section 10 of this document.

#### 11.0 Methods of Calculating the Liquidated Damage and Assessment Amounts

The following methods apply in calculating per occurrence liquidated damage and assessments:

##### 11.1 Tier-1 Liquidated Damages

###### 11.1.1 Application of K Value Exclusions

Determine the number and type of sub-measures with a sample size greater than or equal to 10 that are "non-compliant" for the individual CLEC for the month, applying the parity test and benchmark provisions provided for above. Within each low/medium/high category, sort all sub-measures having non-compliant classifications within a sample size greater than or equal to 10 in ascending order based on the number of data points or transactions used to develop the performance measurement result (e.g., service orders, collocation requests, installations, trouble reports). Exclude the first "K" sub-measures designated Low on Appendix 1, starting with the measurement results having the fewest number of underlying data points greater than or equal to 10. If all Low measurement results with a non-compliant

designation are excluded before "K" is exceeded, then the exclusion process proceeds with the Medium measurement results and thereafter the High measurement results. If all Low, Medium and High measurements are excluded, then those sub-measurements with sample sizes less than 10 may be excluded until "K" sub-measures are reached. In each category sub-measurement results with non-compliant designation having the fewest underlying data points are then excluded until either all non-compliant measurement results are excluded or "K" measures are excluded, whichever occurs first. For the remaining non-compliant measures that are above the K number of sub-measures, the liquidated damages per occurrence are calculated as described further below. (Application of the K value may be illustrated by an example, if the K value is 6, and there are 7 Low sub-measures and 1 Medium and 1 High which exceed the Critical Z-value, the 6 Low sub-measures with the lowest number of service orders used to develop the performance sub-measure are not used to calculate the liquidated damages, while the remaining 1 Low sub-measure, 1 Medium sub-measure, and 1 High sub-measure which exceed the critical Z-value are used.) In applying the K value, the following qualifications apply to the general rule for excluding sub-measures by progression from sub-measures with lower transaction volumes to higher. A sub-measure for which liquidated damages are calculated on a per measure basis will not be excluded in applying the K value unless the amount of liquidated damages payable for that sub-measure is less than the amount of liquidated damages payable for each remaining sub-measure within its low/medium/high category. A sub-measure for which liquidated damages are calculated on a per occurrence basis subject to a cap will be excluded in applying the K value whenever the cap is reached and the liquidated damages payable for the remaining non-compliant sub-measures within its low/medium/high category are greater than the amount of the cap.

#### 11.1.2 Calculating Tier-1 Liquidated Damages

##### 11.1.2.1 Measures for Which the Reporting Dimensions are Averages or Means.

- Step 1: Calculate the average or the mean for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, add or subtract the critical Z-value to the benchmark as appropriate, subject to 4.0 and the Business Rules. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the percentage difference between the actual average and the calculated average. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated Damages Table to determine the applicable liquidated damages for the given month for that sub-measure.

#### 11.1.2.2 Measures for Which the Reporting Dimensions are Percentages.

- Step 1: Calculate the percentage for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, add or subtract the (critical Z-value)/100 to the benchmark as appropriate, subject to 4.0 and the Business Rules. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the difference between the actual percentage for the CLEC and the calculated percentage.
- Step 3: Multiply the total number of data points by the difference in percentage calculated in the previous step and then round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated Damages Table to determine the applicable liquidated damages for the given month for that sub-measure.

#### 11.1.2.3 Measures for Which the Reporting Dimensions are Ratios or Rates.

- Step 1: Calculate the ratio for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure.
- Step 2: Calculate the difference between the actual ratio for the CLEC and the calculated ratio. This difference is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and then round this number up to the nearest integer. Then multiply the result by the per occurrence dollar amount taken from the Liquidated Damages Table to determine the applicable liquidated damages for the given month for that sub-measure.

### 11.2 Tier Two Liquidated Damages

- 11.2.1 Determine the Tier-2 measurement results, such as High, Medium, or Low, that are non-compliant for three consecutive months for all CLECs.

If the non-compliant classification continues for three consecutive months, an additional assessment will apply in the third month and in each succeeding month as calculated below, until Ameritech reports performance that meets the applicable criterion. That is, Tier-2 assessments will apply on a "rolling three month" basis, one assessment for the average number of occurrences for months 1-3, one assessment for the average number of occurrences for months 2-4, one assessment for the average

number of occurrences for months 3-5, and so forth, until satisfactory performance is established.

11.2.2 Measures for Which the Reporting Dimensions are Averages or Means.

- Step 1: Calculate the average or the mean for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, add or subtract the Critical Z-value to the benchmark as appropriate, subject to 4.0 and the Business Rules. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the percentage difference between the actual average and the calculated average for each of the three non-compliant months. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points for each month by the percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$500, \$300, and \$200 for Measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment payable to the Illinois State Treasury for that sub-measure.

11.2.3 Measures for Which the Reporting Dimensions are Percentages.

- Step 1: Calculate the percentage for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, add or subtract the (Critical Z-value)/100 to the benchmark as appropriate, subject to 4.0 and the Business Rules. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the difference between the actual percentage for the CLECs and the calculated percentage for each of the three non-compliant months.
- Step 3: Multiply the total number of data points for each month by the difference in percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$500, \$300, and \$200 for measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment for that sub-measure.



#### 11.2.4 Measures for Which the Reporting Dimensions are Ratios or Rates.

- Step 1: Calculate the ratio for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, calculate the value that would yield parity by adding or subtracting the Critical Z-value to the benchmark as appropriate, subject to 4.0 and the Business Rules.)
- Step 2: Calculate the difference between the actual ratio for the CLECs and the calculated ratio for each month of the non-compliant three-month period. This difference is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step for each month. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$500, \$300, and \$200 for measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment for that sub-measure.

#### 12.0 Advanced and Nascent Services:

- 12.1 In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent services, Ameritech will make additional voluntary payments to the Illinois State Treasury on those measurements listed in §12.2 below (the "Qualifying Measurements"). Such additional voluntary payments will only apply when there are more than 10 and less than 100 observations for a Qualifying Measurement on average statewide for a three-month period with respect to the following order categories (if within a Qualifying Measurement):

- UNE loop and port combinations;
- resold ISDN,
- ISDN UNE loop and port combinations;
- BRI loop with test access; and
- DSL loops.

- 12.2 The Qualifying Measurements are as follows:

##### Provisioning Measurements:

- PMs 29, 45, 58 - Percent Ameritech Caused Missed Due Dates
- PMs 35, 46, 59 - Installation Trouble Reports Within "X" Days
- PMs 27, 43, 56 - Mean Installation Interval
- PMs 32, 49, 62 - Average Delay Days for Ameritech Caused Missed Due Dates

- PM 55.1 - Average Installation Interval – DSL
- PM 57 - Average Response Time for Loop Qualification Information

Maintenance Measurements:

- PMs 38, 66 - % Missed Repair Commitments
- PMs 41, 53, 69 - % Repeat Reports
- PMs 39, 52, 67 - Mean Time to Restore
- PMs 37, 54, 65 - Trouble Report Rate

- 12.3 The additional voluntary payments referenced in §12.1 will be made only if Ameritech fails to provide parity or benchmark service for the above measurements as determined by the use of the Modified Z-test and a critical Z-value for either:
- 3 consecutive months; or
  - 6 months or more in a calendar year.
- 12.4 The additional voluntary payments will only be calculated on the rolling average of occurrences or measurements, as appropriate, where Ameritech has failed to provide parity or benchmark performance for 3 consecutive months. If Ameritech fails to provide parity or benchmark performance in Illinois for 6 or more months in a calendar year, the voluntary payments will be calculated as if all such months were missed consecutively.
- 12.5 If, for the three months that are utilized to calculate the rolling average, there were 100 observations or more on average for the qualifying measurement or sub-measurement, then no additional voluntary payments will be made to the Illinois State treasury. However, if during this same time frame there either is (i) an average of more than 10 but less than 100 observations for a qualifying sub-measure on a statewide basis or (ii) an average of more than 10 but less than 100 for a non-qualifying sub-measure within a qualifying measure where the measure's average is more than 10 but less than 100 observations, then Ameritech shall calculate the additional payments to the Illinois State Treasury by first applying the normal Tier 2 assessment calculation methodology to that qualifying measurement, and then tripling that amount.
- 12.6 Any payments made hereunder shall be subject to the annual cap set forth in § 7.3.
- 13.0 Attached hereto, and incorporated herein by reference, are the following Appendices:
- Appendix 1: Performance Measurement Business Rules (Illinois)
  - Appendix 2: Performance Measures Subject to Tier-1 and Tier-2 Damages Identified as High, Medium and Low
  - Appendix 3: Measurements Subject to Per Occurrence Damages or Assessment with a Cap and Measurements Subject to Per Measure Damages or Assessment